

How do business practices differ across countries?



RESEARCH

'Organizational practices across cultures: An exploration in six cultural contexts'

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Background

Business owners, managers, and employees must understand the impact that cultural differences have in the development of a successful business.

For example, Asian businesses tend to be more bureaucratic and paternalistic with centralized decision making systems, while Western organizations can be more decentralized and less bureaucratic.

Organisations can differ in a multitude of ways, including leadership, structure, innovation, employee focus, formalisation, and communication. Contextual factors, such as culture, socio-economic variables, and personal characteristics can all influence organisations.

Associate Professor Ronald Fischer from the Centre for Applied Cross-Cultural Research, part of Victoria University of Wellington, and collaborators from around the world asked employers from various organisations in Argentina, Brazil, Malaysia, New Zealand, Turkey, and the United States about business practices to better understand the impact of culture in organisations.

Main research findings

Managers are more likely than non-managers to believe that the organisation was employee oriented with innovative practices. This indicates a slight discrepancy in perceptions between the different employee statuses.

Organisational practices in the public sector are more formalised and less innovative than in the private sector.

Organisations in richer countries focus less on employees and adopt fewer innovative practices, while businesses in faster growing economies pay more attention to their employees and are more innovative.

Organisations in cultures that are more individualistic are more employee-focused.

When the societal context of an organisation is more tightly regulated, organisational practices are more formalised and less innovative.

New Zealand businesses with a multicultural workforce should be aware

Relevance of findings to New Zealand

of potential differences in expectations among employees with regards to innovation, formalisation of practices, and employee-focus.

When conducting business with private or public sector organisations, managing expectations about respect for formalised processes or innovation is crucial.

Prior to engaging in negotiations with organisations in other countries, New Zealand business leaders should examine the cultural and economic factors that may impact the relationship between the companies.